

# **USAID TECHNICAL ASSISTANCE AND WORKSHOP FOR CAPACITY BUILDING IN PERFORMANCE MANAGEMENT: SUPPORT FOR EGYPT'S CUSTOMS REFORM UNIT AND EGYPTIAN CUSTOMS AUTHORITY**

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# **USAID TECHNICAL ASSISTANCE AND WORKSHOP FOR CAPACITY BUILDING IN PERFORMANCE MANAGEMENT: SUPPORTING EGYPT'S CUSTOMS REFORM UNIT AND CUSTOMS OFFICERS**

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## **A. INTRODUCTION**

Development Associates, in cooperation with USAID SO 16 and SCS Staff, offered a Facilitated Meeting for the Customs Reform Unit (CRU) and a Performance Measurement Workshop for the CRU and the Egyptian Customs Authority during July 19-21, 2004. The Facilitated Meeting was aimed at meeting the following objectives:

- ▶ Team building for the CRU
- ▶ Obtaining a consensus among CRU staff members on major objectives of the customs reform effort
- ▶ Determining how such reform would be implemented
- ▶ Agreeing on how the impact of reform would be measured

The Workshop aimed to bring CRU staff and Customs Officials together in order to achieve the following:

- ▶ Enhancing know-how in using performance measurement for improved performance management
- ▶ Increasing skills in using performance measurement as a tool for managing and assessing program performance
- ▶ Enhancing understanding why and how to use performance indicators and
- ▶ Selecting draft indicators for implementing the CRU activity

## **B. TEAM BUILDING AND DEVELOPING A CONSENSUS IN THE CUSTOMS REFORM UNIT ON MAJOR OBJECTIVES, IMPLEMENTATION, AND APPROPRIATE INDICATORS**

The team held a facilitated meeting of members of various CRU committees. The facilitated meeting was designed to achieve two primary objectives; (1) team building for the members of the different CRU committees and (2) identify performance indicators to evaluate and monitor the 11 CRU Committees' performance. The output of the facilitated meeting will be presented to the leadership and top management at the CRU and may be used as indicators that can be formally adopted or modified by senior management and other stakeholders.

The first session of facilitated meeting was a team building exercise, focusing on communication and cooperation between the different committees of the CRU. During this exercise, the participants were divided into groups, each including only one member from each CRU committee. The participants discussed the lessons learned during the exercise and used the learned team approach throughout the remaining sessions.

During the one day facilitated meeting, the team covered several topics with CRU participants, as follows:

- 1) *Achievements of Customs Reform Unit:* What are the five key or most critical CRU achievements that members of CRU hope to accomplish?
- 2) *Methods of Realizing CRU Achievements:* How will CRU realize these achievements? What will it take to reach these achievements?
- 3) *Recognizing CRU Achievements:* How would you know when you have reached your achievements? How would you measure those results? What would the measurements be? How measurable are they? During this session, the participants were divided into four groups. Two groups were assigned identifying measures that could be used to monitor customs reform. The other two groups were tasked with proposing measures for monitoring the performance of the CRU.

### **C. WORKSHOP IN PERFORMANCE MANAGEMENT FOR CUSTOMS REFORM UNIT STAFF AND MINISTRY OF TREASURY CUSTOMS OFFICIALS**

The Performance Measurement for Enhanced Results Management identified the following steps in leading to improved performance management:

- ▶ Utilizing a results framework in improving performance management
- ▶ The importance of a strong results framework for improved performance management
- ▶ Identifying and selecting quality performance indicators
- ▶ Assuring collection of high quality data
- ▶ Developing performance measurement systems
- ▶ Establishing baselines, trend-lines, and targets and
- ▶ Agreeing on appropriate draft indicators for the customs reform process.

This Workshop culminated in an enhanced role for performance management by the customs enterprise in implementing its reform activity. It introduced both reform officials and customs officials to the usefulness of good evaluation planning and performance monitoring in improving their management of results. Examples of integration of improved performance management derived in particular from the small group exercises. Such integration is represented in small group session outcomes, namely in identifying clear, focused results statements and results frameworks, as well as quality performance indicators, establishing realistic baselines, targets and trendlines for specified activities, and, finally in selecting draft indicators for implementing the reform activity (see Annex 1 for selected draft indicators).

### **D. PARTICIPANT EVALUATION OF THE WORKSHOP**

The participants who responded to the evaluation form gave the Workshop a very high overall rating<sup>1</sup>. The table below reflects this rating. Participants ranked the degree of usefulness of the

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<sup>1</sup> A total of 43 participants completed the workshop evaluation forms.

session in the workshop on a scale of 1 to 5, where 1 is not useful, 2 is slightly useful, 3 is somewhat useful, 4 is quite useful and 5 is highly useful.

<b>Table 1. CRU and ECA Performance Measurement for Enhanced Results Management Workshop, Alexandria - July 2004</b>	
<b>Mean Rating</b>	
<b>Session</b>	<b>Mean</b>
Introduction and Overview	4.69
Topic 1: Defining Objectives and Creating Results Statements	4.56
Topic 2: Performance Measurement and Management	4.28
Topic 3: Developing Performance Measurement Systems	4.33
Topic 4: Data Collection and Quality	3.79
Topic 5: Critique of CRU Indicators	4.40
Overall Rating for the Workshop	4.58

A more detailed review of the ratings based on a frequency distribution of useful ratings for each topic is included in Table 2, below.

<b>Table 2. CRU and ECU Performance Measurement for Enhanced Results Management Workshop, Alexandria - July 2004</b>					
<b>Frequency Distribution of Useful Ratings for Each Topic</b>					
<b>Topic</b>	<b>Highly useful</b>	<b>Quite useful</b>	<b>Somewhat useful</b>	<b>Slightly useful</b>	<b>Not useful</b>
Introduction and Overview	80.0	14.3	2.9		2.9
Topic 1: Defining Objectives and Creating Results Statements	67.4	23.3	7.0	2.3	
Topic 2: Performance Measurement and Management	55.8	18.6	23.3	2.3	
Topic 3: Developing Performance Measurement Systems	53.5	32.6	9.3	2.3	2.3
Topic 4: Data Collection and Quality	37.2	20.9	32.6	2.3	7.0
Topic 5: Critique of CRU Indicators	60.5	20.9	16.3	2.3	
Overall Rating for the Workshop	69.8	23.3	4.7		2.3

Finally, another way of measuring participant ratings of the Workshop is to present data on the combined frequency for the top two ratings (highly useful and somewhat useful), represented in the following table.

<b>Table 3. CRU and ECU Performance Measurement for Enhanced Results Management Workshop, Alexandria - July 2004</b>			
Combined frequency for the top two ratings (highly useful and somewhat useful)			
<b>Topic</b>	<b>Highly useful</b>	<b>Quite useful</b>	<b>Total</b>
Introduction and Overview	80.0	14.3	94.3
Topic 1: Defining Objectives and Creating Results Statements	67.4	23.3	90.7
Topic 2: Performance Measurement and Management	55.8	18.6	74.4
Topic 3: Developing Performance Measurement Systems	53.5	32.6	86.1
Topic 4: Data Collection and Quality	37.2	20.9	58.1
Topic 5: Critique of CRU Indicators	60.5	20.9	81.4
Overall Rating for the Workshop	69.8	23.3	93.1

## E. NEXT STEPS

The following are proposed next steps for fulfilling the monitoring and evaluation needs of the CRU:

1. CRU should review the draft selected indicators and assess their practicality for helping to guide the implementation process.
2. Once a practical set of indicators is selected, CRU should assess how it would operationalize them, including determining data availability and necessary steps in developing baselines and targets.
3. CRU field visits to Customs Authorities to ground-truth the selected indicators, including data collection and assessment.
4. USAID in cooperation with CRU and ECA should consider a seminar/workshop in October to review, assess and obtain a consensus on indicators. Participants should include a smaller representation of the two groupings that participated in the Workshop. It is strongly recommended that some stakeholders, including traders, be included at some point in the seminar/workshop.
5. SO 16 may wish to consider undertaking a case study of Damietta Port to document in detail how the development of the customs process there unfolded. Some data are already available for such a case study.

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A more general recommendation is that SO 16 consider other Partners, especially Government counterparts, with whom it might use the same approach and process applied very successfully in the case of CRU and ECA to move forward their performance management efforts.

# ANNEX DRAFT SELECTED PERFORMANCE INDICATORS OF CUSTOMS REFORM PROJECT – BASED ON JULY 20-21 PERFORMANCE MEASUREMENT WORKSHOP

## 1. Selected Performance Indicators of Customs Reform Project

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Decisions / Comments from the Workshop
<b>1. For All Customs Reform Unit Committees</b>			
<b>Major Objective:</b> <b>Timely and comprehensive completion of the reforms as outlined in the Implementation Plan and supporting schedule of activities (GANTT chart)</b>			
1.1 Feedback from trade community and stakeholders	Direct assessment from users	Increased engagement; positive news	<b>MISSING INFO ON THIS ONE</b>
1.2 Time required for customs processing of goods - release times	Most visible and effective success criteria	Sharp decline, then steady gradual improvements	<b>APPROVED and considered a very good indicator</b>
1.3 Costs for traders to clear goods entering or leaving Egypt	Financial impact for traders	Gradual decrease	REJECTED (should it be?) as being outside of scope and responsibility of customs
1.4 Revenues collected	Financial impact for GOE	Stable, gradual increase in longer-term	REJECTED (CAN BE ACCEPTED IF MODIFIED) needs to be relative to something, needs to be more specific before acceptable
<b>2. Legislation</b>			
<b>Major Objective: A new Customs Law, including executive regulations</b>			
2.1 Number of disputes per month arising from the new Customs Law	Clarity of the law and regulations	Decreasing	<b>MISSING INFO ON THIS ONE</b>

<b>MEASUREMENT CRITERIA (Performance Indicator)</b>	<b>IMPORTANCE OF MEASURE</b>	<b>TREND / TRACKING</b>	<b>Decisions / Comments from the Workshop</b>
2.2 Average monthly rate of disputes resolved through arbitration	Transparency in application of law	Upward trend on resolutions	<b>ACCEPTED good indicator</b>
2.3 Average monthly rate of abandoned goods	Worthwhile to pursue release	Downward trend	<b>ACCEPTED good indicator</b>
<b>3. Procedures:</b>			
<b>Major Objective: Developed and streamlined Customs procedures</b>			
3.1 Average time per ship in port (amount of delay penalties)	Indicator of potential customs-related concerns	Gradual, but consistent reductions in time per ship	REJECTED as being outside of customs control (could be useful as a proxy indicator)
3.2 Average rate of different types and levels of complaints	Consistency in the customs program and between ports	Becoming more complex; dealing with exceptions	ACCEPTED but requires segregation to be more practical
3.3 Average rate of cases of customs violations and smuggling	Quality of information management; Inspection abilities	Increase in significant cases	<b>ACCEPTED and seen as very important</b>
3.4 Daily examination rates and percentage of reviews to discrepancies found	How risk management is working	Reports are being produced sincerely and regularly	<b>ACCEPTED but not of great importance</b>
3.5 Number of statistical data related to customs- related processes	Information driving decision- making	Managers using daily	<b>REJECTED as being too vague</b>



MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Decisions / Comments from the Workshop
<b>4. Tariff</b>			
<b>Major Objective: Simplified tariff structure through reducing number of tariff nomenclature</b>			
4.1 Level of pressure from media, trade community and international bodies regarding Egypt's Tariff	Impact at Government of Egypt level	Declining sense of concern or urgency	<b>MISSING INFO ON THIS ONE</b>
4.2 Improved abilities from ECA staff in classification and origin matters	Consistent treatment	Demand for advanced training	<b>REJECTED</b>
4.3 Average weekly rate of exports	Major indicator of WTO Trade Facilitation efforts	Annual growth	REJECTED as exports are seen as too outside the scope of customs influence. Would have considered the indicator if was for imports (may need to revisit in future)
<b>5. Exemptions and Special Regimes</b>			
<b>Major Objective: Developing and implementing effective Customs special regimes and rationalized exemptions</b>			
5.1 Value of goods entered under exemptions as a percentage of the total rate of revenue collected in customs taxes	Program's breadth of coverage; possible abuse	Stabilization of program; effective compliance	ACCEPTED if adjust to ensure that the figures use have a relevant correlation
5.2 Time required for customs processing of imported goods under special customs regimes	Reducing release time as a major indicator	Downward trend	<b>ACCEPTED if segregate</b>

<b>MEASUREMENT CRITERIA (Performance Indicator)</b>	<b>IMPORTANCE OF MEASURE</b>	<b>TREND / TRACKING</b>	<b>Decisions / Comments from the Workshop</b>
5.3 Average monthly rate of complaints concerning special Customs regimes	Consistency in the customs program and between ports	Becoming more complex; dealing with exceptions	<b>ACCEPTED if segregate</b>
<b>6. Human Resources, Organization, Staffing, Management &amp; Training</b>			
<b>Major Objective: A new organizational structure, training policies and updated hiring and promotion policies</b>			
6.1 Number of organizational changes	Defining stability	Major changes less frequent	<b>ACCEPTED</b>
6.2 Number of monthly enquiries from the regional offices to headquarters	Identifies organization and roles	Decrease in frequency and increase in complexity	<b>ACCEPTED although with some hesitation</b>
6.3 Average rate of complaints concerning the lack of skills and experience of staff	Identifies gaps in skills	Decreasing	<b>REJECTED</b>
6.4 Percentage of employees of different job levels covered by training programs annually	Identifies improvement of staff and management	Increasing	<b>ACCEPTED</b>
6.5 Investigation of staff's degree of satisfaction with incentives and promotions (questionnaire)	Qualitative analysis	Level of satisfaction increases	<b>ACCEPTED</b>
<b>7. Valuation</b>			
<b>Major Objective: Optimal application of Customs Valuation Agreement</b>			

<b>MEASUREMENT CRITERIA (Performance Indicator)</b>	<b>IMPORTANCE OF MEASURE</b>	<b>TREND / TRACKING</b>	<b>Decisions / Comments from the Workshop</b>
7.1 Number of weekly cases where a valuation concern is a main factor for delayed customs processing of goods - release times	Most visible and effective criteria of success	Average time of release decreasing	ACCEPTED with a high degree of support and level of importance
7.2 Average rate of acceptance of values declared by stakeholders	Stakeholder and customs buy-in	Percentage increase	<b>ACCEPTED</b>
<b>8. Information Technology</b>			
<b>Major Objective: Defining and implementing the user, operational and functional systems requirements for the ECA's on-going and future IT needs.</b>			
8.1 Level of engagement from trade community on IT-related initiatives (ex: MCTC)	Confidence from trade community	Level of participation increasing	ACCEPTED IF change to number of users per month and segregate with new users
8.2 Feedback from the trade community through stakeholder consultations, unsolicited messages, and other forms of feedback	Direct assessment from users	Increased engagement; positive news	<b>REJECTED</b>
8.3 Weekly number of complications with the use of the IT system	Performance of the IT function	System glitches minimized	ACCEPTED IF use the % of time the system is down
<b>9. Information Center</b>			

MEASUREMENT CRITERIA (Performance Indicator)	IMPORTANCE OF MEASURE	TREND / TRACKING	Decisions / Comments from the Workshop
<b>Major Objective: Electronic publishing of all CRU committee deliverables and development of the valuation database.</b>			
9.1 Feedback from Customs officials on the usability of the valuation database	Direct assessment from users	Increased engagement; positive news	<b>MISSING INFO ON THIS ONE</b>
<b>10. Anti-Smuggling</b>			
<b>Major Objective: Optimization, including possible restructuring, of enforcement, inspection and security activities.</b>			
10.1 Number of monthly anti- smuggling cases	Performance of the area	Increasing	<b>ACCEPTED</b>
10.2 Number of weekly inspections	Quantitative measure	Downward trend until steady plateau	<b>MISSING INFO ON THIS ONE</b>